

105TH CONGRESS
1ST SESSION

H. R. 603

To prohibit Federal subsidies for the Tennessee Valley Authority after fiscal year 1998.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 5, 1997

Mr. FRANKS of New Jersey (for himself and Mr. MEEHAN) introduced the following bill; which was referred to the Committee on Transportation and Infrastructure

A BILL

To prohibit Federal subsidies for the Tennessee Valley Authority after fiscal year 1998.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Tennessee Valley Au-
5 thority First Step Reform Act of 1997”.

6 **SEC. 2. FINDINGS AND PURPOSES.**

7 The Congress finds that:

8 (1) The Tennessee Valley Authority was estab-
9 lished in 1933 to, among other things, bring the

1 benefits of electrification to an impoverished region
2 of America.

3 (2) The Tennessee Valley Authority has fulfilled
4 this mission and the once impoverished region enjoys
5 relative prosperity.

6 (3) To provide the benefits of electrification to
7 residents of the Tennessee Valley, the Federal Gov-
8 ernment provided the Tennessee Valley Authority
9 with an array of subsidies, including tax exemptions,
10 favorable treatments affecting the cost of capital,
11 and access to preference power, as well as relatively
12 minor appropriation subsidies associated with eco-
13 nomic development and waterway management.

14 (4) In the interest of deficit reduction, the
15 Chairman of the Tennessee Valley Authority is to be
16 commended for suggesting that appropriation sub-
17 sidies to Tennessee Valley Authority totaling some
18 \$106,000,000 in fiscal year 1997, be phased out
19 over the next 2 years.

20 **SEC. 3. DISCONTINUANCE OF APPROPRIATIONS.**

21 Section 27 of the Tennessee Valley Authority Act of
22 1933 (16 U.S.C. 831z) is amended by inserting the follow-
23 ing before the period at the end thereof: “through the fis-
24 cal year 1998, but no funds may be appropriated for such
25 purposes for any fiscal year thereafter”.

1 **SEC. 4. REPORTS.**

2 (a) **COST OF FEDERAL SUBSIDIES.**—Not later than
3 January 1, 1998, the Director of the Office of Manage-
4 ment and Budget shall develop and submit a report to
5 Congress that describes and details the historical and cur-
6 rent costs to the Federal Government of subsidies pro-
7 vided to the Tennessee Valley Authority, including tax ex-
8 emptions, favorable treatments affecting the cost of cap-
9 ital, and access to preference power.

10 (b) **TRANSITION PLAN.**—Not later than January 1,
11 1998, the Director of the Office of Management and
12 Budget, after consultation with the Chairman of the Ten-
13 nessee Valley Authority and other appropriate persons,
14 shall develop and submit a plan to Congress outlining how
15 the Authority plans to make the transition from receiving
16 Federal subsidies to an organization generating, transmit-
17 ting and distributing electric power on an open and com-
18 petitive market.

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